Examining general managers in the North American professional sport context: Upper echelons as drivers of Performance

Matt Juravich, University of Michigan
Kathy Babiak (Advisor), University of Michigan

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For sport management scholars, data on outcomes are readily available for analyses examining organizational phenomena. This is especially true in the study of professional sport where performance data for individuals, organizations, and leagues as well as the prevalence of controlled environments and motivated participants provide an ideal setting in which hypotheses can be tested examining drivers of organizational performance (Goff & Tollison, 1990; Wolfe, Weick, Usher, Terborg, Poppo, Murrell, Dukerich, Crown Core, Dickson, & Simmons Jourdan, 2005). One potential stream of research examining performance in this area of sport is focused upon how executive management impacts organizational performance through strategic decision making. Top level executives in sport teams impact the on-field product and thus organizational outcomes, given their responsibilities to evaluate, select, and manage player talent. This study examines the executive – player talent – organizational performance relationship in the four major North American professional leagues including the National Football League (NFL); the National Hockey League (NHL); Major League Baseball (MLB); and the National Basketball Association (NBA). The study of senior executives and their contribution to organizational performance is an emerging area in the management literature through the application of Upper Echelons Theory (UET). UET uses the experiences and demographics of executives as proxies for reconciling how organizational outcomes are impacted through strategic choices (Hambrick & Mason, 1984).

Due to the fact that the cognitions, values, and perceptions of top management team (TMT) employees are difficult to measure, UET focuses on examining demography to suggest that managerial characteristics are reasonable proxies for underlying differences in cognitions, values, and perceptions (Carpenter, Geletkanycz, & Sanders, 2004). Much of the existing empirical research applying UET has examined the extent to which background characteristics related to TMT composition impacts outcomes such as propensity for action (Hambrick, Cho, & Chen, 1996); innovation (Chuang, Nakatani, & Zhou, 2009); strategic change adoption (Boeker, 1997); productivity (Keck, 1997); and performance (Henderson, Miller, & Hambrick, 2006). Only two studies examining executive managers in the professional sport context currently exist (Dixon, 2007; Wong & Deubert, 2010). These studies only examine MLB and only one (Dixon, 2007) utilized UET as a theoretical framework. Further, neither examined the potential impact of executive decision making on organizational performance. Thus, limited research exists in the sport management literature applying UET. As a result, an opportunity exists for scholars to apply UET to examine the link between executive manager decision making and organizational performance.

This study examines the relationship between members of the TMT in sport organizations (i.e., General Managers) and organizational performance by applying a UET lens for explaining performance variations in the sport context. Readily observable characteristics of GMs which may influence decision making activities and subsequent organizational performance are explored. As UET research has evolved into a significant area of scholarship in non-sport organizational studies, the contributions of these employees to bottom line success (or failure) need to be quantified in the sport context. Data were collected covering a range of 13 years (1997-2009) for all four of the leagues identified above. The data collected included: name of GM, GM's age, tenure, league experience as a front office employee, relevant playing experience and education. 276 different GMs comprise the sample. Concurrently, team level data were collected including payroll, percent of all stars on a team's roster, offensive and defensive output and overall organizational performance. Building on previous studies examining organizational performance in sport (i.e., Foster & Washington, 2009; Montanari, Silvestri, & Gallo, 2008; Smart & Wolfe, 2003), the dependent variable of organizational performance was defined as a cumulative value assigned to each team in each season included in the sample in which number of wins, playoff appearances, playoff wins, championship appearances, and championship wins are combined to form a composite score for each organization. Due to league differences in payroll ranges and number of games played, the dependent variable was normalized prior to being tested in the model.
The hypotheses tested are all founded on the basic mediation relationship that claims that GMs compile player talent and player talent determines performance on the field of play. Additionally, GM characteristics are hypothesized to impact the expertise of these individuals with respect to the manner in which they identify, evaluate and attain the athletes who comprise their teams. As such, GM-specific variables as indicated above are included in the model as independent variables. Also, proposed moderating variables including team payroll and head coach tenure are examined. Since the data includes four levels including league, year, team and individual GM, random effects of variance were assessed for each level. League and year were found to have a non-significant variance of random effects while team and GM were found to be significant. As a result, the league or year levels were not controlled for in the model used to test the hypothesized relationships while team and GM were. Another unique characteristic of the data are the presence of crossed random effects (i.e., GMs may appear with more than one organization during the range of data). As such, regression models employed to test the hypothesized relationships account for these crossed random effects.

Preliminary results indicate partial mediation of team player talent on the relationship between GM tenure and organizational performance. Additionally, GM tenure and front office experience appear to demonstrate a significant relationship on the dependent variable of organizational performance. Lastly, head coach tenure demonstrates a moderating effect on the GM – team player talent relationship. This research aims to build on the minimal existing sport management research (Cousens & Slack 1996; 2005) that has looked at quantifying the role executive managers play in directly impacting organizational performance through their decision making. As professional sport organizations constitute a culturally and financially significant area of the sport management context, establishing an area of research focus examining the link between executives and performance is timely. In terms of practical contributions, this research aims to provide insight into several key management related issues. First, by examining the relational and demographic backgrounds of GMs in this context, patterns of successes and failures will be uncovered based upon these micro-level traits. From the standpoint of ownership, this information can be utilized to improve their decision making process with respect to hiring GMs. Additional suggestions for future research will be discussed during the presentation.